Montgomery Ward & Co., Incorporated

Chicago, Ill., January 28, 1924.

To THE STOCKHOLDERS:

There is presented herewith the audited annual report of your Company for the year ended December 31, 1923.

The net profit for the year is the largest in the history of your Company, amounting to \$7,702,625 compared with \$4,562,607 in 1922 an increase of \$3,140,018 or 68.82% and with a deficit in 1921 of \$9,887,396.

Net Sales in 1923 were \$123,702,043 compared with \$84,738,826 in 1922 an increase of \$38,963,217 or 45.98%, and with \$68,523,244 in 1921.

Last year's sales established a new record exceeding the previous largest volume in 1920 of \$101,745,271 by \$21,956,772 or 21.58%.

As of December 31, 1923, current assets were \$32,603,828 and current liabilities \$8,532,896, a ratio of 3.82 to 1, compared with a ratio of 3.24 to 1 as of December 31, 1922, and 2.75 to 1 as of December 31, 1921.

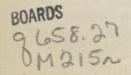
Your Company again ends the year with no Notes Payable outstanding.

After payment of dividends on the Preferred Stock, and reserving for Federal Income Tax there remained a balance of \$6,948,271, from which was deducted \$500,000 for Charter requirements in regard to Preferred Stock Sinking Fund and Surplus, leaving a balance carried to Undivided Profits for the year 1923 of \$6,448,271.

The Management appreciates the loyal co-operation of employees throughout the year.

Montgomery Ward & Co., Incorporated.

Theodore F. Merseles, *President*.



MONTGOMERY WAR

Balance Sheet—I
(Compared with I

Assets	December 31, 1923		December 31, 1922	
CURRENT AND WORKING ASSETS:				
Cash Marketable Securities Accounts Receivable Notes Receivable	-	\$ 3,365,475.72 242,857.88 4,375,335.78 118,673.32		\$ 3,897,975.25 308,685.88 3,212,792.94 286,741.09
Inventories of Merchandise, Supplies, etc.—				
MercantileFactories	\$22,836,512.53 1,614,972.76	24,451,485.29	\$17,086,310.26 1,631,714.14	18,718,024.40
Affiliated Companies—				
Notes Receivable	- 384	50,000.00		100,000.00
Total Current and Working Assets		\$32,603,827.99		\$26,524,219.56
INVESTMENTS—AFFILIATED COMPANIES	-	2,559,877.87		2,417,457.84
SINKING FUND DEPOSIT—PREFERRED STOCK		812,074.87		607,308.04
REAL ESTATE, BUILDINGS, MACHINERY ANI EQUIPMENT:	D			
Real Estate and Buildings—				
MercantileFactories			\$11,758,880.82 844,709.88	
	\$13,292,324.93		\$12,603,590.70	
Machinery and Equipment—				
MercantileFactories	\$ 2,399,676.47 471,101.38		\$ 2,254,044.15 516,871.62	
	\$ 2,870,777.85		\$ 2,770,915.77	
		\$16,163,102.78		\$15,374,506.47
Net Sales for year ending December 31, 1923\$123,702,0	43.00			
Net Sales for year ending December 31, 1922 84,738,8				
Net Sales for year ending December 31, 1921 68,523,2	44.00	\$52,138,883.51		\$44,923,491.91

We have audited the accounts and records of Montgomery Ward & Co., Incorporated, covering the year ending December 31, 1923, and certify that the above Balance Sheet is in accordance with the records, and, in our opinion, correctly sets forth the financial position of the Company as at December 31, 1923. After providing for depreciation on buildings and equipment and for bad and doubtful accounts, a net profit of \$7,702,624.93 has resulted from the operations for the year. Inventories of merchandise and supplies have been valued at cost or market, whichever was lower. There are arrears of dividend on the Class "A" Stock for the last quarter of 1920, and all of 1921, 1922 and 1923, amounting to \$4,663,750.

ARTHUR YOUNG & CO., Certified Public Accountants

D & CO., Incorporated

December 31, 1923 December 31, 1922)

Liabilities	December 31, 1923		December 31, 1922	
CURRENT LIABILITIES: Notes Payable	None 4,911,764.61 2,228,208.06 1,392,923.88		None \$ 4,990,685.48 2,261,685.32 943,494.71	
Total Current Liabilities		\$ 8,532,896.55		\$ 8,195,865.51
GENERAL RESERVES		258,271.45		328,182.07
R ESERVE FOR REAL ESTATE, BUILDINGS, ETC		1,735,371.38		1,735,371.38
PREFERRED STOCK 7% CUMULATIVE: (see note) \$100 Par Value—Authorized and Issued		4,249,800.00		4,249,800.00
CLASS "A" STOCK, \$7 PER SHARE CUMULATIVE: 205,000 shares having no par value		5,594,037.28		5,594,037.28
COMMON STOCK, \$10 PAR VALUE: Authorized 1,285,000 shares *Issued and Outstanding 1,141,251 shares		11,412,510.00		11,412,510.00
SURPLUS CREATED BY CONVERSION OF THE NO PAR VALUE COMMON STOCK TO \$10 PER SHARE PAR VALUE (NOT AVAILABLE FOR DIVIDENDS)		9,189,737.80		9,189,737.80
EARNED SURPLUS: As at December 31 previous year	4,217,987.87		None 4,562,606.62	
Preferred Stock Dividend			344,618.75	
	6 040 971 10			
	6,948,271.18			
Made up of—		11,166,259.05		4,217,987.87
Reserve for Sinking Fund for Preferred Stock to December 31 Reserved as per Charter requirements for Surplus	800,000.00		600,000.00	
to December 31	1,200,000.00		900,000.00	
Remainder	9,166,259.05		2,717,987.87	
	\$11,166,259.05		4,217,987.87	
		\$52,138,883.51		\$44,923,491.91

^{*95} Shares of Class "B" still to be exchanged.

Contingent Liability in respect to guarantee of Mortgage Bonds of \$720,000 now outstanding issued by Montgomery Ward Warehouse Corporation, Portland, Oregon, and of the Mortgage Bonds of \$310,000 now outstanding issued by the Eagle Paper Company, Joliet, Illinois.

Note: The Company owns and holds in its Treasury for retirement through the operation of the Sinking Fund 7100 shares of its Preferred Stock leaving in the hands of the public 35,398 shares of Preferred Stock

